

# More than a match? Assessing the HRM challenge of engaging employers to support retention and progression

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# **More than a match? Assessing the HRM challenge of engaging employers to support retention and progression**

## **Abstract**

This paper considers employer engagement within a changing landscape of Active Labour Market Policy (ALMP). Employer engagement in ALMP has focused on supporting job entry for disadvantaged groups, through working with employers to attain changes on the demand-side, or using dialogue with employers to implement changes on the supply-side. Employer engagement in this model is orientated to a point in time: the job match. However ALMP policy in the United Kingdom is beginning to give greater emphasis to the sustainability of job entries and progression opportunities. This potentially creates a quite different set of expectations around employer engagement, and asks more of employers. Yet securing strong engagement from employers in ALMP has tended to be difficult. This paper examines the challenges that such a change in focus will have for existing models of employer engagement and on associated implications for HRM theory, policy and practices.

Keywords: Low Pay; Precarious employment; Welfare; Training and development; Employer engagement; Active Labour Market Policy

## 1) Introduction

Employer engagement in Active Labour Market Policy (ALMP) in the United Kingdom (UK) has been focused largely on opening-up job vacancies to disadvantaged groups. Part of the driver for this is that employer behaviour in recruitment and selection can make access to employment more difficult (Atkinson and Williams, 2003; Hasluck, 2011; Nickson et al, 2012; Green et al, 2015a).

The core approach to employer engagement in relation to ALMP has been for staff within public employment services (often at account management level) to engage with targeted employers, often HR professionals in large companies or owners in small companies, to determine ways of supporting out-of-work individuals to ‘match’ to employers’ recruitment requirements. This can involve inputs or adjustments on both sides of the exchange. On the employer side it can involve modifications to recruitment and selection processes. Additional inputs from public employment services can develop pre-employment activities aimed at moving those further from the labour market to job entry stage.

Models of employer engagement have focused on the point of job match (when the individual is taken on as an employee by the engaged employer), with little emphasis on the potential longer-run outcomes for the employee. However in the UK there is growing concern about both the prevalence of in-work poverty and the existence of a low-wage/no-wage cycle, where individuals move between periods of unemployment and employment in low-paid work. In response there has been some shift in the emphasis of ALMP to provide greater weight to employment retention and progression in work<sup>i</sup>. If the individual experience is viewed as an employment pathway (see Figure 1) then policy has largely focused on the first two stages of pre-employment and employment entry. There is now a growing acknowledgement that the latter two stages matter as well for sustainable outcomes; with concomitant implications for ALMP deliverers,

employers and their Human Resource Management (HRM) strategies, and other labour market intermediaries.

FIGURE 1 HERE

In broad terms, ALMP in the UK remains rooted in a ‘work first’ approach, with the speedy exit from unemployment the core aim of policy. Yet issues of retention and progression have begun to form a greater part of ALMP design. This process began with a major programme pilot geared to improving retention: the Employment, Retention and Advancement (ERA) programme. ERA provided a range of support for individuals including access to job coaching, services and guidance, and a financial incentive to support retention and progression (Hendra et al, 2011). Subsequently, a ‘payment-by-results’ model was adopted for the long-term unemployed (“The Work programme”) which sees employment service providers paid on the basis of sustained employment rather than simply job entries. These providers are largely from the private sector.

In-work progression also becomes more important in the context of changes to the benefits system and the introduction of Universal Credit (UC): a new single working-age benefit payable to both those out of work, and those in work and on low-pay. The benefit is being phased-in by 2020. Under UC there will be an expectation (with in-work conditionality) that very low earners will seek to increase their hours and/or wages. Additionally, under new devolution agreements, several cities and local areas have developed pilot activities focused on retention and progression for those entering work; with the intention that the results of these activities will help inform national policy (Green et al, 2015a).

The evolving focus of ALMP has the potential to create a quite different set of expectations around employer engagement, asking more of employers to support retention and progression outcomes. This has significant implications for HRM practices as well as public policy delivery. This paper provides an extensive review and analysis of international evidence on employer

engagement in ALMP in relation to work entry, retention and progression. Utilising this evidence base, in the context of recent policy developments in the UK, we examine the challenges that the change in orientation of ALMP presents in relation to extending models of employer engagement (which are predicated on meeting labour needs at the point of job match) to include the employer role in retention and progression.

Although the paper presents the analysis focusing on the evolution of ALMP in the UK, the issues raised have wider relevance, and we draw across international evidence in developing our argument. The importance of, and facilitators of, employer engagement in ALMP are an important area of study across a range of countries (Dean, 2013; van der Aa and van Berkel, 2014). We extend on existing studies of employer engagement and ALMP by considering the relationship in the context of attempts to improve retention and progression. We argue that such an extension asks more of employers, but that existing evidence suggests employers are often only weakly embedded in ALMP. This may be a particularly pertinent challenge in the UK given the institutional framework associated with the prevailing liberal market economy characterised by limited labour market regulation (Davies and Freedland, 2007; Baxter-Reid, 2016). This regime differs from coordinated market economies and Nordic regimes, characterised by greater involvement of social partners on employment standards. Despite differences relating to the role of institutional context, the UK experience is of international relevance given wider policy concerns about tackling unemployment and fostering inclusive growth across a range of countries. The particular challenges in the UK are also likely to be replicated, to a greater or lesser extent, in other countries' approaches to ALMP. Given that welfare states are under cost pressures in many advanced economies, practice aimed at generating more sustainable employment incomes is clearly attractive from a fiscal as well as social perspective. The analysis presented in this paper highlights the need to consider the role HRM may play in supporting these outcomes, but also suggests limitations in practice.

This paper seeks to contribute to the HRM literature in the following ways. First, we argue that current understandings of the drivers of employer engagement in ALMP have only limited applicability when the focus of policy shifts from recruitment to retention and progression. This shift implies a different set of logics for employment engagement with ALMP and a change in HRM policies and practices for employers who do engage, necessitating a longer-term commitment and greater focus on developing and implementing progression pathways, as well as provision of in-work support. This represents a significant change compared to what has been asked of employers to this point in ALMP delivery. We also identify the relatively weak institutional pressures associated with employer engagement in ALMP to date in the UK. We place these findings within the context of the broader low-wage/low-skill labour market and the dominant HRM perspectives that typify different sectors which provide large proportions of entry-level employment. While contending that employer engagement through ALMP is likely to exert a relatively limited influence on employer practices in the broad low-wage labour market, we suggest that future learning from ALMP policy on progression will generate opportunities to develop insights into ways in which employer needs and individual career development goals might be reconciled over the longer-term.

The paper is structured as follows. First, the relationship between ALMP, HRM and societal value is discussed with reference to recent contributions to the HRM literature. A brief history of employer engagement in ALMP in the UK follows, drawing on the evidence base of experiences to date. Then the drivers of employer engagement and the types of employers engaging in ALMP are discussed. The next section considers the differences in orientation of employer engagement targeting retention and progression vis-à-vis employment entry. This provides the context for the identification of core challenges for integrating employer engagement into policy aimed at sustainable labour market outcomes which is the focus of the following section. Finally, the implications of these findings for HRM theory and practice, and for employment policy, are considered.

## **2) Active labour market policy, HRM and societal value**

Recent contributions in the HRM literature have stressed the need for development of HRM theory and practice which is ‘more relevant at the societal level’ (Boxall, 2014; 588; Paauwe, 2004; Paauwe, 2009; Thompson, 2011). There is a clear societal importance in understanding the drivers of, limits to, and outcomes from employer engagement in ALMP. HRM practices should have an important role to play in enabling the connection of ALMP with opportunities for individuals entering work to progress, for example through addressing issues of ‘learning traps’ and barriers to personal development (Boxall, 2014). Such issues are important to contemporary concerns regarding equality of opportunities and outcomes at the heart of the inclusive growth agenda (OECD, 2014).

The study of ALMP offers the potential to make important contributions to HRM theory. Notably, the evolution of ALMP presents fertile ground to test the assumptions of the ‘consensus HRM discourse’, which it has been argued has been built primarily on research which has engaged with studies of ‘the development of core employees (‘happy few’) in large multinational companies’ (Keegan and Boselie, 2006; 1501). The extent to which the ‘neutrality or benevolence of HRM practices and policies’ (Keegan and Boselie, 2006; 1505) is extended to job entrants from ALMP is an area of both theoretical and societal significance. Much of the existing evidence from ALMP and job entry which we review in the following sections suggests such benevolence is not widespread.

Institutional accounts have been prominent in developing a wider societal perspective on HRM, arguing that the survival of firms depends not only on their financial performance but also on their social legitimization (Paauwe, 2004; Boon et al, 2009). This legitimization relates to stakeholders, including employees, customers, governments, unions etc. (Paauwe and Boselie, 2005), and is based on criteria such as trust and fairness (Paauwe, 2009). Paauwe (2009) outlines a multidimensional conception of HRM, where conventional concerns (productivity, profits etc.)

are viewed alongside performance (flexibility, agility etc.), employee well-being *and* impacts at a higher institutional level (for example the economic sector and society more broadly). This lens allows for a more comprehensive treatment of the successes and benefits of HRM policy and practice.

Institutionally based accounts of HRM have stressed that context matters (Paauwe, 2009). The ways in which HR practices are conceptualised and operationalised varies across employee groups and across economic sectors (Paauwe and Boselie, 2005). Drawing on the work of DiMaggio and Powell (1983; 1991), Paauwe and Boselie (2003) provide a framework of new institutionalism in HRM. Different institutional mechanisms are posited to influence HRM practice:

- Coercive – implementation as a result of regulatory pressures
- Mimetic – imitation [of HRM practices] as a result of uncertainty/ or as a result of new trends/ fads
- Normative – management control system, structured by the professionalism of an employee group

(Paauwe and Boselie, 2003; 61)

Institutional settings in different countries will influence HRM practices in context specific ways. That context matters opens up a range of opportunities for comparative research across countries and across sectors. Institutional context will partially frame the limits of ALMP and the potential for improving retention and progression. This goes beyond statutory legal requirements and incorporates social norms and values (Boon et al 2009). However, as argued in this paper, the UK is characterised by relatively weak institutional pressure around ALMP and the low-paid labour market in general. The UK labour market is lightly regulated (Davies and Freedland, 2007), with the weakening of organised labour and increasingly individualised employment relationships generating only weak institutional pressures around employment quality (Findlay et al, 2017). There is also a historic comparative weakness of supportive structures, such as industry



bodies and business support services, to help enable firms to move out of a low skills/low pay model (Edwards et al, 2009). In relation to ALMP, overall spending in the UK is low compared to many other European countries and is highly concentrated on job-search, job matching as well as some employability skills (Berry, 2014). As such, the system is geared largely to prioritise speed of job entries, with less concern about job quality.

### **3) ALMP and employer engagement in the UK: a brief history**

The role of employer engagement is widely cited as an important element in the delivery of ALMP (Fletcher, 2004; Gore, 2005; Ingold and Stuart, 2014). Employer engagement activity in the UK is organised across public and private providers of employment services. Jobcentre Plus (JCP) (the public employment service) is now focused primarily on working with claimants who have been on unemployment benefits for relatively short durations. A range of private and third sector organisations now deliver services to the long-term unemployed, who enter a period of support known as The Work Programme (WP) (DWP, 2012). Many of the providers delivering WP services also have employer engagement teams (Ingold and Stuart, 2014). The current practice around employer engagement by WP providers follows from a range of activities concerned with employer engagement carried out by JCP over the past decade or so.

In the early 2000s, the New Deal Innovation Fund, drawing on US delivery models, developed projects targeting a ‘demand-led’ approach in specific sectors (Fletcher, 2004). Better pre-engagement with employers was an important priority of the programme (Fletcher, 2001). Some positive aspects of the activities were noted around better understanding employer needs, although methods of employer engagement were not always effective and employers were often reluctant to participate (Fletcher, 2001). Some criticisms were levelled at this early iteration, including the ‘unresolved tension’ between providing a commercial service to employers while at the same time meeting the employment needs of a range of disadvantaged workers; the ‘uncritical

acceptance of employer recruitment practices'; and a reported aversion of employers to ongoing 'postemployment support' for individuals to support retention (Fletcher, 2004: 124-125).

Thereafter, the Fair Cities Pilot (2004-2008), an experimental programme, focused on supporting disadvantaged ethnic minority residents in three localities to stable employment and new careers (Atkinson et al., 2008). These Pilots focused primarily on large employers with specific vacancies and designed pre-employment training to match the needs of vacancies.

Subsequently, Local Employer Partnerships were introduced by the Department for Work and Pensions (DWP) and ran between 2007 and 2010. The Partnerships were initially targeted at disadvantaged groups but later opened-out to all unemployed individuals. The programme involved a recruitment 'package' offered to employers including a mix of 'advertising vacancies, matching and screening candidates, sifting applications and arranging interviews' (Bellis et al, 2011; 12). The programme also developed Pre-Employment Training (PET) options to meet employer needs and later a 'recruitment subsidy' was introduced to financially incentivise employers to recruit jobseekers. The evaluation of Local Employer Partnerships found closer employer engagement had provided a way for 'Jobcentre Plus staff to challenge employers' recruitment practices...thus opening doors for disadvantaged jobseekers to apply for vacancies' (Bellis et al, 2011:17). However there is no evidence on how widespread such changes were in practice or the extent to which they improved job entry rates of disadvantaged groups.

Following the development of the WP, many private and third sector delivery organisations have developed employer engagement teams aimed at supporting employment entry of the long-term unemployed (Ingold and Stuart, 2014). There is relatively little evidence on the successes or failures of employer engagement practice in the WP; and while the WP represents a shift in the payment model, there is limited evidence of innovation in provider practices and service delivery (Ray et al, 2014).

#### **4) Drivers of employment engagement in ALMP and the types of employers engaging**

There are different reasons why employers engage with ALMP delivery providers. Several accounts stress the primacy of labour demand/business needs as a driver, emphasising the 'business case' for employer participation and the importance of the support offered with effectively meeting recruitment needs (Bellis et al, 2011; McGurk, 2014). Other drivers of employer engagement in programmes for disadvantaged groups which have been identified relate to the social orientation of the organisation – enacting Corporate Social Responsibility (CSR) or as a reflection of company values (van Kooy et al, 2014; van der Aa and van Berkel, 2014). The driver of engagement can also relate to workforce diversity aims which may have commercial orientation, for example employees better reflecting a firm's customer base (van der Aa and van Berkel, 2014). Employer engagement can also be secured through the use of planning and/or procurement policy (Osterman, 2008; Green et al, 2015a). While the bulk of the available evidence relates to publicly supported programmes, Gerards et al (2014) study a private firm employment entry scheme (the Philips Employment Scheme) which suggests a mix of benefits to the firm including provision of a 'recruitment channel', as well as a contribution towards CSR and help in maintaining and improving union relations.

While multiple drivers of employment engagement could operate at the same time, it would be expected that one driver would predominate in employer decision-making, with a particular distinction around the extent to which engagement is linked to business imperative vis-a-vis the wider social orientation of the firm. Those focused on business needs and labour demand are likely to prioritise particular skills – either employability skills or specific vocational skills – and may be more directly linked to specific vacancies. Drivers that are social in orientation can prioritise inputs such as work experience placements or training activities but may not yield large numbers of job entries.

Overall, there is a predominance of low-skill/low-wage firms participating in ALMP in the UK (Martin and Swank, 2004). McGurk (2014:1) finds that engaged employers are likely to be those which rely on a 'large supply of low-wage, low-skill labour for their core operations'. This analysis also suggests that the nature of employer engagement generally tends to be weak and concentrated in temporary jobs to meet specific business demand needs. The concentration of low-skill/low-paid firms mirrors wider patterns of recruitment through the public employment services, which are strongly skewed towards lower-paid parts of the economy (Shury et al, 2014). Such jobs are for the most part in sectors which have been shown to have weak progression outcomes (Green et al, 2017).

Evidence on sectoral patterns and employer types who are more likely to engage in ALMP therefore points to a majority of employers operating within 'mass-service markets'; where a strong focus tends to be on managing cost and where the scope for progression from low-paid work is likely to be severely constrained (Boxall, 2003; 14). There are also openings located in what Boxall (2003) terms a 'mix of mass markets and higher-value added segments', which include sectors where there is some greater customer preference for differentiation on service quality (e.g. hotels and care homes), and in which there may be a greater commercial driver towards employee skills and motivations. The challenges in addressing the tension between employment engagement to support employment entry *and* the desire to improve longer-term progression outcomes is therefore bound up with the broader context of the low-wage labour market, including in relation to HRM practices and firm strategy. This is a point returned to subsequently.

The role which HRM policy plays in relation to employer engagement with ALMP also varies across different employer sizes and characteristics. Employers who are most likely to advertise vacancies through public employment services are those with highly formalised HR policies that often go beyond the legislative minimum; while those less likely to recruit using this channel are more likely to have more informal HR practices (Shury et al, 2014)<sup>ii</sup>. However many employers

with highly formalised HR policies are also in low-paid sectors and recruit on a range of non-standard employment contracts (Shury et al, 2014). Hence there are limits to the types of employers and the types of job roles where vacancies are filled via engagement with ALMP.

Overall, the evidence of existing practice and drivers of employer engagement relating to ALMP suggests that although there have been some successes in generating employer engagement through various programmes, the nature of this engagement tends to be relatively weak, with recruitment in low-skilled and often temporary positions predominating. In part this reflects the skills profile of ALMP participants, but is also reflective of the wider nature of the UK labour market as well as the comparative weakness of institutional pressures around ALMP. These factors raise considerable concerns about the potential for extending employer engagement to support retention and progression outcomes and asking more from employers in terms of supporting these outcomes; suggesting distinct limits to the employer engagement model. This is the focus of the following sections.

## **5) Developing employer engagement for retention and progression**

Retention and progression are different concepts but have some similarities for policy design. In both cases there are two main dimensions along which variation in policy approach can be observed. The first relates to the nature and orientation of in-work support that is given to individuals after job entry. On one hand this can involve matching workers initially into jobs or sectors which offer better prospects (for example those offering higher initial pay, more well defined career paths etc.) with little or no provision of in-work support to workers. On the other hand, it can involve individuals having an on-going relationship with a provider or mentor/ career coach to manage any difficulties in the transition to employment, as well as to consider future career goals, next steps and training needs. Secondly, policies can target job retention (with the same employer) or employment retention (remaining in work but not the same job). In relation to progression this means either a focus on internal labour markets (supporting workers

to progress with the same employer) or external labour markets (orientated towards facilitating progression by moving to better opportunities with a different employer). The orientation regarding these two factors has implications for the potential form and content of employer engagement. Both also present different challenges around employer engagement which are discussed in the following section.

Deckop et al (2006) provide evidence on the linkages between HRM policy and the retention of welfare claimants moving into employment in the US. They find that while overall HRM practices have a strong influence on retention outcomes, the evidence on different types of practices is mixed. They find positive relationships between retention and starting wage and benefits, as well as between retention and the availability of development opportunities within a firm. However they find no significant relationship between retention and family-friendly policies or the provision of corrective feedback.

While HRM practice has been shown to have an influence on retention, policy at a firm level may have an even more significant role in relation to the extent to which those entering employment are able to subsequently access opportunities for progression. Internal factors which influence opportunities for progression include whether individuals have access to the right training opportunities at the right time; the practices of their employer in relation to internal promotion opportunities; and other HRM practices such as performance management linked to structured progression opportunities (Hoggart et al, 2006; Newton et al, 2006; Devins et al, 2014).

The extent to which HRM practices which can influence progression outcomes are very amenable to ALMP policy influence is contentious. As noted above, in practice, when seeking to place unemployed workers into employment the central thrust of employer engagement practice in ALMP has been concentrated on meeting immediate employer recruitment needs. There is little evidence on ways that ALMP approaches can be developed to influence employer practices around pay and benefits, training and development and HRM practices; this 'disruptive strategy'

which seeks to ‘expand the pool of better jobs’ is significantly more difficult to achieve (O’Regan, 2015: 17). This is because it asks considerably more of employers in terms of adjusting internal opportunity structures. Developing an ALMP model to support retention and progression therefore creates a quite different set of potential logics of employer engagement, and implies a longer-term commitment from employers aligned with the development of HRM policies and practices to support worker progression. We return to the challenges this presents shortly.

Developing approaches focused on issues of retention and progression is a relatively novel area for policy in the UK. There is more experience and evidence on employer engagement linked to retention and progression of those moving into employment from the US (although this is still limited). There are several examples of US programmes which use the leverage of skills shortages or high turnover experienced by employers to develop employment programmes which seek to develop career paths in particular sectors (Morgan and Konrad, 2008; Duke et al, 2006; Center on Wisconsin Strategy, 2005). There is also some growing evidence on the potential benefits of sector-focused programmes more generally, which suggest a positive effect of developing sector-focused models of employer engagement (Maguire et al, 2010). In addition, there are emerging examples of practice where targeting of better jobs appears to be generating positive results (Gasper and Henderson, 2014).

In such models aimed at improving progression outcomes, the target sectors are often those that are deemed to afford comparatively good quality entry-level posts *and* which offer opportunities for progression. In practice this relies on there being a sufficient supply of relatively good quality jobs in which to place individuals. This approach is concerned more with linking ALMP to jobs with better opportunities than a ‘disruptive strategy’ seeking to change employer practices.

## **6) Assessing the challenge of employer engagement for sustainable labour market outcomes**

In the context of an increasing emphasis within ALMP on issues of retention and progression a number of challenges can be identified around the ways that current models of employer engagement, which have been established to support job entries, might be extended to support retention and progression. These relate to the labour market context in which ALMP operates, and which structures the opportunities for action; the relative influence which ALMP is likely to have on employer practices (ALMP as a ‘disruptive strategy’); the ability of employment services to broaden the scope of opportunities; and the potential trade-offs between a focus on retention and progression and on promoting inclusion.

The ability for ALMP to help improve sustainable employment outcomes is dependent to a significant degree on the availability of suitable opportunities in the labour market to support progression, or the ability of policy (including ALMP) to influence improvements in the opportunities available. However, the desire to secure sustainable employment opportunities and to open-up opportunities for progression cuts against the grain of some contemporary changes in the UK labour market, particularly in many of the sectors (like retail and hospitality) which those moving off benefits into employment enter in the largest number. There is evidence that internal labour markets have been eroded in recent decades with the adoption of flatter organisational structures (Grimshaw et al, 2001; 2002; Lewis et al, 2008; Lloyd and Payne, 2012; Devins et al, 2014), meaning that in some sectors the opportunities for progression from low-pay are highly constrained. Structural changes in the types of jobs being created may also make it more difficult for workers to progress (Crawford et al, 2011).

A concern for developing ALMP and complementary HRM practices for retention and progression aims therefore cannot be divorced from the wider context and characteristics of low-paid employment. There is a longstanding concern about the long-tail of low-pay/low-skill employment in the UK, which has proved difficult to address (Finegold and Soskice, 1988; Wilson and Hogarth, 2003; Wright and Sissons, 2012). The introduction and extension of the National Minimum Wage may have improved material circumstances for some individuals and



families but appears to have had little consistent effect on firm strategy, job design and productivity in low-wage sectors (Grimshaw and Carroll, 2006; Edwards et al, 2009). Relatedly, case study research from a range of low-paid sectors which provide entry-level jobs for unemployed workers demonstrates a number of issues within HRM practices which serve to limit access to opportunities for progression. This includes a reluctance to invest in training for low-skilled workers (Edwards et al, 2009; Lashley, 2009; Lindsay et al, 2012) or to develop internal labour market opportunities (Atkinson and Lucas, 2013); combined with the adoption of hard HRM practices (Forde and MacKenzie (2009). These factors all point towards the wider nature of the low-pay labour market in the UK as limiting the prospects of employer engagement under ALMP as a tool for improving retention and progression.

The mismatch between a policy intent to increase retention and progression and a strategic management approach in low-wage firms often driven by cost pressures highlights a critical dilemma. Where firm behaviour is increasingly creating more insecure conditions for workers (Thompson, 2011), it is difficult to identify significant space where HR managers and/or owners in many firms are likely to establish 'soft HRM' and investment in skills of low-paid workers to support their development. There are some examples which may be more supportive of changing HRM practices to achieve progression outcomes. This includes parts of the public sector (Cox et al, 2008) or the identification of firms and sectors with particular skills needs and/or high rates of growth. However this clearly does not constitute the bulk of low-paid work.

Taken in isolation the employer engagement function of ALMP appears a relatively weak tool for securing change in the type of HRM practices that would support greater retention and progression. The amount/ level of employer concessions or behaviour change achieved by existing programmes of employer engagement have often been relatively limited. While there are examples of employers offering a job guarantee to successful programme completers these are quite rare (see McQuaid et al., 2005), and less tangible agreements such as a guaranteed interview for programme completion, or inputs such as work experience placements are more common

(Jobling, 2007; Green et al, 2015b). A shift to a focus on retention and progression implies larger employer concessions and commitment will be required in relation to the ways that employers manage employees over the longer-term. This suggests that employer engagement with retention and progression aims needs to engage in a wide-ranging discussion with employers about HRM practices, promotion and reward policies within the firm (and for individual organisations such expectations would need to be reconciled with firm strategy). Such an approach goes well beyond what has been expected of employers in previous iterations of employer engagement, and given the relative difficulties in securing employer concessions to this point it may be unrealistic to expect widespread changes in employer behaviour. This highlights the gap between aspirations for HRM to seek societal value and the application of management practices in sections of the low-paid labour market where achieving legitimisation often doesn't appear to be a first order issue for employers. It is also indicative of the weakly regulated and laissez-faire approach to the labour market more generally in the UK.

The shift towards retention and progression also presents other challenges in terms of ALMP delivery and outcomes. Where the employer engagement model involves the service provider continuing to support the employee once in work, this is likely to require some level of agreement/ support from the employer to accommodate this. There is likely to be heterogeneity amongst employers as to whether they would want workers to have 'in-work support'; evidence suggests some employers are reticent about this (Fletcher, 2004), while others are more positive (Green et al., forthcoming). There are various different models which in-work support might take. Firms with developed or developing opportunities for progression might subsume responsibility for in-work support, or it might be delivered jointly with employability providers. Alternatively, for firms with weak progression prospects, this will likely mean employees wanting, and being encouraged (by in-work support), to move jobs to obtain better pay and opportunities. However such an approach potentially crystallises the relationship between the firm and ALMP as one which operates on the basis of labour availability and short terms needs and attachment.

For employment engagement teams one approach, as described above, is to target better jobs to facilitate retention and progression outcomes. This implies a shift of focus regarding the sectors which employer engagement teams target, and the need for employment services staff to have a sound and up-to-date knowledge of ‘stepping stones’ along career pathways within (and also between) sectors and to provide career guidance to beneficiaries accordingly. However this potentially requires the buy-in from a different set of employers to ALMP and also suffers from a limited stock of good opportunities.

The scale of challenges demonstrates the wider need for policy to also focus on the demand-side of low-paid employment. However there has been insufficient joining-up of policy at government departmental level between the department focused on ALMP (the DWP) and other parts of government focused on enterprise and skills. At sub-national level there have been some developments (albeit mainly small in scale). These include work in the Leeds City Region on developing a policy framework for ‘More jobs, Better jobs’ (Green et al, 2016) and by the UK Futures Programme co-ordinated by the UK Commission for Employment and Skills which brought groups of employers together to test innovative solutions to specific workforce development and progression challenges, including in low-paid sectors (Thom et al, 2016). In Scotland, the Fair Work Convention is promoting dialogue between employers, employees and trade unions, public bodies and the Scottish Government in promoting progressive workplace policies and better opportunities for employee development. These initiatives provide some models about what might be done, but are outside the mainstream policy approach.

A final concern with the extension of ALMP to encompass retention and progression aims remains the ‘unresolved tension’ between providing a commercial service to employers while simultaneously helping disadvantaged groups (Fletcher, 2004). This tension is arguably exacerbated by shifting focus to progression. In practical terms this means those furthest from the labour market are less likely to be ‘a good bet’ for employers and are therefore less likely to

benefit from such programmes; as is suggested by the use of greater initial screening in US programmes with progression aims.

## **7) Conclusions and implications**

Employer engagement has become an increasingly important consideration in the design of ALMP. The approach to employer engagement in the UK has been developed over a number of years and through a series of iterations of ALMP programmes, but throughout the primary focus of employer engagement has been on the point of employment entry (the job match between the employer and employee). The growth of the perceived importance of employer engagement is evidenced by the developed professional capacity orientated towards building employer relationships in public employment services and within private delivery agents of ALMP. However, the concessions secured from employers through the process of employer engagement have not always been significant.

In recent years, although the over-arching emphasis of ‘work-first’ remains, there has been some shift in the orientation of ALMP in the UK to place greater emphasis on retention and progression of those entering employment. This shift in orientation is underpinned by the changing payment model of employment entry services, the reforms to welfare benefits associated with the introduction of a new Universal Credit (which introduces an element of in-work conditionality), as well as new trial activities among sector and local actors. This shift has implications for the way in which employer engagement is practised. Employer engagement has been strongly focused on particular sectors which have low barriers to entry but which are also associated with low-wages and often poor opportunities for career development, running the risk of locking individuals in to low-pay over the longer-term. Yet shifting the model of employer engagement raises a number of issues for HRM theory and practice as well as for employment policy. These are summarised below.

### *Implications for HRM*

The development of employer engagement within ALMP provides a site in which to develop HRM theory and practice. Contributions to the literature have stressed the need for the wider societal relevance of HRM, and for understanding HRM in contexts outside of the ‘happy few’ (Keegan and Boselie, 2006). A ‘multidimensional perspective’ of HRM combines conventional concerns on firm level performance with wider issues of firm legitimacy and social impact (Paauwe, 2009). Part of this relates to employee experiences and developing insights into ways in which ‘organisations can meet their needs for profit and renewal while supporting employee fulfilment and well-being over the long-run’ (Boxall, 2014; 578). The study of employer engagement in ALMP opens-up one area where these concerns can be assessed.

The main focus of ALMP policy in the UK on demand needs (often in temporary positions) presents significant challenges to developing an agenda focused on retention and progression. In particular this agenda will require more to be asked of employers. However there is little evidence of examples where a more ‘disruptive strategy’ to employment engagement has significantly shifted employer practices. In part the limits of employer engagement reflect the broader nature of the low-paid labour market in the UK, the comparatively weak emphasis on wider legitimacy and social value in such parts of the low-paid labour market, and limited institutional pressures (Paauwe, 2009). In many cases the experiences of moving into low-paid work is not one of the ‘benevolence of HRM practices and policies’ (Keegan and Boselie, 2006; 1505).

There is therefore an important evidence gap around how ALMP can be extended to support more sustainable long-term outcomes for those entering work, the role that HRM policy and practice might play in supporting this, and under what circumstances. This paper has identified some examples where the mutual interests between firms and individuals might exist (including relating to skills gaps and sector growth). However the evidence also suggests that the majority of engagement has been typified by short-term needs rather than long-term commitment, which would require greater HRM involvement with ALMP providers and intermediaries.

The shift in emphasis to retention and progression alters the logics of employer engagement and so also has potential implications for HR practice at firm level. For some organisations participation in ALMP may appear to become more demanding and/or intrusive. Internal pressures may also come from employees asking more of employers in terms of wage progression (which may be driven by the in-work conditionality element of Universal Credit - which places an onus on them to increase their income from work). Under some current trial models of delivery individuals are receiving in-work support. While HR managers should be supportive of such efforts to smooth individual transitions into work, there is also likely to be some reticence.

#### *Implications for employment policy*

There is an inherent tension in the dual-customer (i.e. individual and employer) approach which is likely to be more acute under policy that targets retention and progression. If 'better' job entries are to be targeted the driver/s of employer engagement must be located. These are less likely to be bulk recruitment needs and more likely to be factors such as skills gaps or replacement demand needs. However, the skill level requirements of these are likely to be more involved than soft employability skills, and the gaps between the skills disadvantaged groups have, and those employers need, are likely to be wider. There is a danger that issues of exclusionary practice are extended where programme aims are adjusted to target 'good jobs' or progression outcomes.

On the other hand one way of encouraging progression is through job mobility. If an aim of policy is to support individuals to grow their careers, and one way of doing this is to move jobs, this challenges the rationale for participation by some low-pay/low-skill employers, who have previously been the primary target group of employer engagement.

More broadly, there is a question about which sectors or types of employers can effectively be targeted: which offer good jobs but comparably low barriers to entry? The changing shape of the UK labour market suggests such jobs may not be very easy to locate in significant volumes in practice.

*Looking ahead: directions for policy and future research*

This paper has set out challenges and opportunities for employer engagement as it moves beyond pre-employment preparation and job entry to encompass retention and in-work progression. An important part of the context for this in UK is the roll-out of Universal Credit: an integrated benefit for people in or out of work. This represents a significant change for the welfare system, entailing in-work (as well as out-of-work) conditionality. How employer engagement develops in this new policy context is of interest both in the UK and in other countries' development of ALMP.

From a research perspective, there is a role for case study research to enhance understanding of employer, individual and ALMP provider motivations and behaviour within the changing policy and economic context. Employer engagement in ALMP presents an important arena to generate deeper insights into the variability of HR policy and practice across different employee groups and economic sectors as well in different countries (Paauwe and Boselie, 2005). It also supports the study of the circumstances under which mutual benefits for firms and workers may be located. At a practical level researchers need to employ a longitudinal perspective to assess the efficacy of employer engagement that is 'more than a match'.

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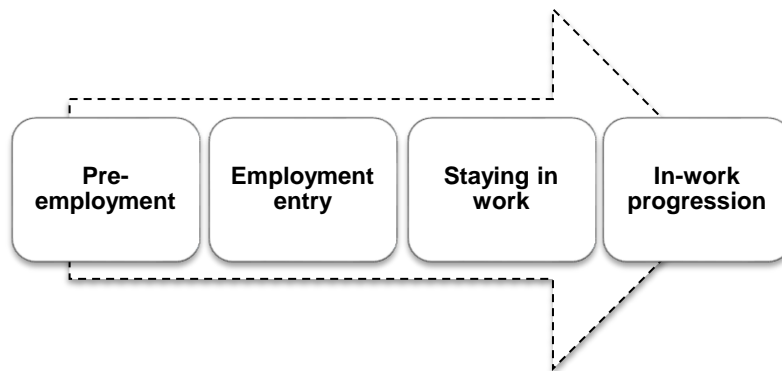
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## TABLES AND FIGURES

Figure 1: A stylised employment pathway from non-work into employment



(Source: Green et al, 2015a)

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<sup>i</sup> The term progression is most widely used in the UK, but it is comparable to the term advancement which is used in some other countries.

<sup>ii</sup> As such these employers may have 'hidden vacancies' and so may be a potential target for providers seeking specific vacancies to 'fit' particular unemployed individuals.